

Warns of Policy 'Tragedy':

Shultz Comes Up Short in Bid for Foreign Aid

Secretary of State George P. Shultz had virtually no success the week of May 11 in a belated lobbying campaign on behalf of his foreign aid and diplomatic security budget.

Shultz moved too late to get the House to add \$500 million for foreign programs to the fiscal 1987 budget resolution. And he failed to head off a vote by the Senate Foreign Relations Committee to make deep cuts in a program to boost security at U.S. embassies overseas. (*Stories*, pp. 1079, 1099)

Foreign aid and State Department programs long have been among the most unpopular spending items on Capitol Hill, and they have been especially vulnerable to budget cuts this year. Even so, Shultz and other senior officials did little active lobbying for those programs, apparently because of an administrationwide directive not to make deals with Congress until later in the year. State Department aides also said Shultz was preoccupied with other issues, such as Nicaraguan "contra" aid and the Tokyo economic summit.

Meanwhile, the House and Senate were moving on their budget resolutions (S Con Res 120, H Con Res 337), pre-empting the administration's strategy.

The Senate resolution chopped nearly \$5 billion, or 20 percent, from Reagan's request for budget authority for international programs, and the House measure cut about \$5.6 billion, or 25 percent. The Senate bill is \$400 million above the House version in "outlays," the amount actually spent in a given year.

Reacting to those cuts, Shultz on May 11 summoned reporters to an in-flight news conference as he was returning from a trip to Asia. Shultz blasted the cuts as a "tragedy for United States foreign policy" and vowed to "drop everything else" to press for a reversal.

He repeated his criticism in a May 14 speech, saying that "Congress' actions threaten nothing less than the reversal of 40 years of constructive American leadership for peace and freedom."

Shultz' first chance to lobby Congress came on May 13, when Republican leaders from both chambers met

at the White House with President Reagan and top aides. But that meeting quickly bogged down in other issues, participants said, and Shultz was unable to make his budget pitch.

Shultz then went to Capitol Hill, where he conferred with Senate Budget Committee Chairman Pete V. Domenici, R-N.M., who shared his views.

While meeting with Domenici, according to Hill sources, Shultz missed an even more important chance to influence House members. That chance arose when Dante B. Fascell, D-Fla.,



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chairman of the House Foreign Affairs Committee, used Shultz' statements to convince fellow Democratic leaders to accept an amendment to the pending budget resolution raising foreign spending by \$500 million.

The Democrats imposed only one condition: that Republicans also support the amendment when the Rules Committee met on May 13 to decide what budget issues should be put before the full House. "We had to have full support from the White House and the Republicans for something of that magnitude," Fascell said.

But Shultz failed to lobby key Republicans in time for the Rules Committee session, and so Fascell dropped his proposed amendment. The House passed the budget bill on May 15.

Nevertheless, Fascell said he hoped Democratic leaders will accept the higher Senate outlay figure for foreign programs when the budget resolution reaches a conference committee.

Shultz also made a last-minute appeal to the Senate Foreign Relations Committee on behalf of Reagan's five-year, \$4.4 billion program to boost security at U.S. embassies overseas. The GOP-led committee spurned that appeal, however, and approved only \$1.1 billion over two years.

Foreign Relations Chairman Richard G. Lugar, R-Ind., said of Shultz' lobbying: "It's very late." (*Budget background*, *Weekly Report* p. 456)

Looking at Numbers

The heart of Shultz' complaint was that the figures in the budget resolutions for international programs would force cuts of 40-60 percent in some programs. The reason is that Congress, while reducing the overall budget, also is expected to mandate spending levels for a few programs — especially aid to Israel and Egypt. That means the administration will have to squeeze all other programs into a budget that is much smaller than Reagan's request.

According to State Department figures, Congress is likely to mandate, or "earmark," spending of about \$11.1 billion for foreign aid, State Department operations and other programs. The Senate budget resolution would provide a total of \$17.9 billion, leaving only \$6.8 billion to pay for all other foreign programs, for which Reagan requested \$10.6 billion.

The gap is greater under the House bill, which sets a \$17 billion total for international programs. Once \$11.1 billion is set aside for the mandated spending, the House bill leaves \$5.9 billion to pay for \$11.2 billion worth of programs.

One reason for the cuts is that Reagan asked for a \$2.3 billion net increase for foreign programs in fiscal 1987. Both budget bills would freeze most programs at the 1986 levels. ■

—By John Felton